



THE COLLINSON GROUP LIMITED 2023 REPORT

Taskforce for Climate-related Financial Disclosures

Financial year ending 30th April 2023



WELCOME



INTRODUCTION >

The Collinson Group Limited (“TCG” or “Collinson”) is a holding company focused on owning and operating businesses that compete primarily in the travel benefits and airport services sectors.

GOVERNANCE

- [TCG Board >](#)
- [TCG Strategy Team >](#)
- [Operating Business Leadership >](#)

STRATEGY

- [Background >](#)
- [Climate related risks and opportunities >](#)
- [Horizon mapping and stress testing >](#)



RISK >

We have adopted the 3 lines of defence model for managing risk

MESSAGE FROM OUR BOARD >

Collinson is committed to playing its part, both through our own operations and the influence we can have throughout the industry.



METRICS

To protect against risks and to harness climate change-related opportunities, we actively monitor tangible and sentiment-based data and insight.

- [Overview >](#)
- [GHG Reporting >](#)
- [GHG Disclosures >](#)



INTRODUCTION

The Collinson Group Limited (“TCG” or “Collinson”) is a holding company focused on owning and operating businesses that compete primarily in the travel benefits and airport services sectors. TCG is domiciled in the United Kingdom, with its corporate headquarters in London, England.

TCG and its subsidiary undertakings (together referred to as the “operating businesses”) currently operate through five main intermediate holding companies: Collinson International Ltd (“CIL”); Collinson Investments Ltd (“CINV”); Collinson Insurance Holdings Ltd (“CIHL”); Airport Dimensions Holdings Ltd (“ADHL”) and Valuedynamx Holdings Ltd (“VDXH”). CIL houses the lion’s share of our global business and includes the Travel Experiences and Loyalty divisions along with our Central operations. CIHL is the holding company for our Insurance and Assistance business. CINV is the arm of our Group that focuses on strategic investments and partnerships, primarily in cutting edge technology and experiences associated with the travel sector. ADHL contains our Airport Dimensions business which designs and operates airport lounges and wider experiences globally. Valuedynamx Holdings Limited (VDXH) for our Valuedynamx business, a global provider of curated data-driven omni-channel purchase rewards.

TCG’s operating businesses are primarily managed on a decentralised basis, but with a select number of shared functions in place that integrate the operating businesses together. Decisions relating to external funding, capital allocation, investment activities, centralisation of shared functions and selection of Executive Directors is ultimately the responsibility of TCG.

This report is produced for TCG and covers the operating businesses.

The Taskforce for Climate Related Financial Disclosures (“TCFD”) was launched by the Financial Stability Board at the Paris COP21 in 2015. The UK subsequently became the first G20 country to enshrine mandatory TCFD aligned reporting requirements in law for super-large companies, effective from 6th April 2022.

Governance	Strategy	Risk	Metrics
<p>Disclose the organisation’s governance around climate-related risks and opportunities</p>	<p>Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning where such information is material</p>	<p>Disclose how the organisation identifies, assesses, and manages climate-related risks</p>	<p>Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material</p>
<p>Describe the board’s oversight of climate-related risks and opportunities</p> <p>Describe management’s role in assessing and managing climate-related risks and opportunities</p>	<p>Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term</p> <p>Describe the impact of climate-related risks and opportunities on the organisation’s businesses, strategy, and financial planning</p> <p>Describe the resilience of the organisation’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario</p>	<p>Describe the organisation’s processes for identifying and assessing climate related risks</p> <p>Describe the organisation’s processes for managing climate-related risks.</p> <p>Describe how processes for identifying, assessing, and managing climate related risks are integrated into the organisation’s overall risk management.</p>	<p>Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process.</p> <p>Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks</p> <p>Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets</p>

In this, our first TCFD report, Collinson has adopted the recommendations set out in the TCFD framework to assess our climate-related risks and opportunities and to carry out short and mid-term planning and scenario analysis.

Understanding the impacts that climate change can have on our business and clients is a core aspect of building our strategy and ensuring our resilience, especially given our positioning within the travel industry.

At this time, we report material climate-related risks and opportunities that our business has identified, how our strategy may be impacted and what mitigation measures we have and will put in place to ensure our resilience while transitioning to a low-carbon economy.

We shall evolve the maturity and coverage of our Greenhouse Gas (“GHG”) emissions reporting, our industry analysis and scenario planning over time and for subsequent disclosures.

Message from our Board

Collinson is delighted to submit its first TCFD Report. As a family-owned business, we are committed to Doing the Right Thing, and we take our responsibility to the environment and to the communities in which we operate seriously.

With the travel sector being a material focal for the majority of our operating businesses, and with the sector requiring significant change to decarbonise and “Fly Net Zero” by 2050, Collinson is committed to playing its part, both through our own operations and the influence we can have throughout the industry.

The challenges we have faced over the last three years navigating through the Covid-19 pandemic, the cessation of our operations in Russia following its invasion of Ukraine, and prevailing economic challenges, such as hyperinflation and recession, cannot be overstated.

However, the accelerated recovery of the travel industry, and the strong industry forecasts for future demand serve to highlight the passion the global population retains for travel, and in particular aviation.

Achieving sustainable growth in the industry therefore will require transparency, collaboration, and innovation, across a broad range of stakeholders, and Collinson is actively developing its sustainable business plans in this regard. Through dedicated new roles focused on environmental sustainability; diversity, equity and inclusion; and community impact; Collinson has set the foundations for accelerated action. These were shared in our first Environment, Social and Governance Report in 2022.

We are delighted to now publish our first TCFD report for Financial Year 2023, and for the first time are able to share our global Scope 1 and 2 impacts.

We have already taken positive action in this area, including right sizing our offices, introducing efficiency measures such as LED lighting, temperature controlled and adaptive heating, and recycling processes embedded through all working areas. We’ve also introduced hybrid working, and up to 8 weeks “work from anywhere”, allowing our teams flexibility, to experience the joy of travel, and to spend time with loved ones for extended periods, all whilst reducing the need to travel as frequently.

Although not under the scope of this reporting period, we have recently moved our HQ to a fantastic new office space on the More London estate in Borough, London, and will now benefit from a modern, efficient working environment powered by 100% renewable energy. We will continue to look at ways to drive sustainability into our physical and digital footprint.

We do also acknowledge the importance of accurate measurement, tracking and reporting in the reduction of GHG emissions to help tackle climate change, and we are committed to continuing our investment in both action areas and our data capture and reporting processes.

All of our progress will be shared in our subsequent TCFD reports, which shall be released annually.

David Evans



Governance

It should be noted that Collinson has recently undertaken target operating and corporate governance restructures. In the interest of providing the most current and accurate disclosure, the governance structures detailed below are those that are currently in effect. These structures were being developed during, but not in effect for FY23, during which time, Christopher Evans (Joint CEO) and Jon Holmes (CFO) acted as Board sponsors for ESG, including climate related issues, with an ESG Steering Team, an ESG Management Team, and a TCFD SteerCo, reporting into them.



THE COLLINSON GROUP BOARD

(Retains sign off and final approval of the strategy and business plans)

Colin Evans

David Evans

Christopher Evans

Jon Holmes

Lorraine O'Brien

TBD

THE COLLINSON GROUP STRATEGY TEAM

Sets Corporate Strategy, Capital allocation, ESG, Culture and Behaviours, Brand Guidance, Performance monitoring, leads on M&A

David Evans

Marcus Roach
Strategy Director

Cadence Willis
Ind. Advisor -
Responsible Business

Jon Holmes
Chief Financial Officer

Bertie Tonks
Chief People Officer

Simon Feeney
VP Procurement & ESG

Ikwu Amiaka
SVP General
Counsel & Risk

Operating Companies operate with autonomy but within aligned principles, guidance and budgets.

OPERATING BUSINESSES AND LEADERSHIP



Christopher Evans

Collinson International

Collinson Enabling Functions



Lawrence Watts

Collinson Insurance



Mignon Buckingham

Airport Dimensions



Colin Evans

ValueDynamx



David Evans

Collinson Investment



Strategy

BACKGROUND

Collinson is positioned at the intersection of financial services, loyalty and travel. From operating Priority Pass, the world's leading airport experiences membership programme, through the provision of points-based loyalty programmes and travel insurance, to operating our own physical airport experiences through Airport Dimensions, Collinson's investment strategy is currently inherently linked to the evolution of the travel sector, and more specifically aviation.

Global aviation accounts for circa 3.5% of effective radiation forcing¹ and has become a highly controversial topic in climate debates, however notwithstanding this, market forecasts for the aviation sector, conducted by aircraft manufacturers, airlines and regulators, predict ongoing growth over the next two decades.

Climate change does however pose a significant risk to the aviation industry as whole. As both physical and transitional risks can impact travel, it is important that businesses are not only equipped to manage the risks but also have measures in place to reduce the climate impact caused by direct and indirect operations.

The aviation sector as a whole is acutely aware of the pressing need to implement lower greenhouse gas emitting solutions, and new technologies are actively being developed, with a primary focus on sustainable aviation fuel and hydrogen powered aircraft. Members of the International Air Transport Travel Association have made a commitment to "Fly Net Zero" by 2050. This global industry resolution passed on 4th October 2021 will see collaboration and support across airports, airlines, aerospace manufacturers and governments to address the considerable innovation and transition challenges.

Although not a material emitter in the context of the entire industry, Collinson is committed to playing its part within the ecosystem and transitioning to net zero.

1. Ritchie (2020) - "Climate change and flying: what share of global CO2 emissions come from aviation?". Published online at OurWorldInData.org. Retrieved from: <https://ourworldindata.org/co2-emissions-from-aviation>



CLIMATE RELATED RISKS AND OPPORTUNITIES

In the last year we have conducted a risk assessment that considers the impact of a 1.5 degree increase in temperatures, looking at both transitional risks and physical risks:

Risk	Impact	Mitigation	Opportunity
Transitional risks			
Reduction in demand (Market): business travel reduces to meet climate targets, and/or leisure travel reduces due to eco-conscious behaviour	Currently with a high volume, low margin business model, a material reduction in demand could result in unsustainable commercials unless accompanied by an appropriate reduction in overheads.	Market forecasts do not suggest this risk will materialise, at least not until 2030 and beyond, which is outside our current business planning and impact cycle. We will closely monitor travel patterns and demand profiles and adapt our business model as appropriate. We will continue to develop a model that can adapt to volume fluctuations, building on the approach taken as we navigated through the Covid-19 pandemic.	A reduction in premium class airline travel (which we could see for environmental reasons) or a reduction in the frequency of travel, could lead to an increase in demand from consumers for more premium airport experiences to provide additional comfort. Collinson's model is designed to address this market.
Increase in supply chain costs and complexity (Market): a shift to more sustainable airport lounges (construction and service delivery) could see increased costs impacting both our Airport Dimensions business (owned assets) and our Priority Pass networks (membership scheme to access 3rd party assets)	A low margin business model leaves Collinson sensitive to cost pressures, and significant upward pressure without a relative increase in revenue would stress our economic sustainability.	We continually monitor our cost base and work with our supply partners to generate both efficiencies and incremental revenues through broader offerings. We are currently seeing upward costs from inflationary pressures and a post Covid shift in market dynamics, driving a requirement to review business models. Sustainability driven cost pressures would not have materially different impact to risks we already deal with.	Enhancing sustainability requires cross industry collaboration. This will allow us to form deeper relationships and connections, driving innovation and efficiencies.
Transition to product digitisation (Technology): Sustainability pressures require us to accelerate a transition to digital products, with the removal of physical membership cards.	Whilst Collinson has digital capabilities today, and adoption is growing, a full transition may need to be accelerated. This will require the untangling of various systems, processes, and deal constructs, which will require investment to deliver.	We have a comprehensive program in place to develop our existing product set with digital solutions for clients which will ensure our product offering is not tied to physical cards in the future. We are already working in collaboration with our clients on a structured transition process.	A fully adopted digital offering will allow greater connectivity, product enhancements and incremental revenue streams.
Key client transitions away from travel as a benefit (Market): Sustainability pressures may see a key client move away from Travel as a card benefit.	If one of our key clients moves away from offering travel loyalty due to the climate impact of travel activity, we would see a significant impact to the current revenue base of our core Priority Pass product.	In line with our ESG strategy, we are working closely with our clients to understand the impact climate change could have on their business, future strategies, and business plans to adapt to the role we can play in driving shared and strategic value. In addition to this we are looking at ways to diversify our partner base to further mitigate any impact of this risk.	Supporting travel benefits remain a key part of client propositions, however the climate challenges allow us to focus on 2 key activities: firstly, developing our existing relationships with key clients to build a joint sustainable approach to our offering which meets their aspirations and our goals. Secondly pushing us to be innovative and creative with both our new offerings and potential future partners in unexplored sectors.



Risk	Impact	Mitigation	Opportunity
Physical Risks			
<p>Impact to airport lounges in high-risk areas: As we see more extreme weather events and sea level rising, we may see an increased impact on lounges in vulnerable areas, particularly in low lying tropical destinations and coastal areas.</p>	<p>We could see destinations significantly reduce in attractiveness for travellers, with the potential to leave stranded assets in our owned and operated inventory, or we could see one-off events cause damage and destruction to our premises.</p>	<p>Potential physical risks, whether climate related or not, have always formed part of our decision-making criteria when investing in new lounges. We do not believe we have locations at significant risk today and will continually monitor this and adapt as necessary.</p>	<p>Proactive planning can help us identify the destinations of the future when determining when and where to invest.</p>
<p>Impact to operations and supply chain due to extreme weather events.</p>	<p>With increased severe weather events there may short term market shocks, severely impacting travel to and assets in certain locations.</p> <p>We offer insurance-based products including general travel insurance and our product Smart Delay which could see an increase in claims.</p>	<p>Collinson operates at a global scale and hence any localised impacts are likely to be offset by increased activity in other areas in which we operate.</p> <p>We continually monitor events and conduct risk profiling to drive our insurance offerings.</p>	<p>Increased disruptive events present and opportunity for further insurance-based products, and for our ability to pivot our offerings to other geographies.</p>
Liability Risks			
<p>Climate related legal cases</p>	<p>We recognise a very limited chance of being impacted by class action suits aimed at general travel industry, including through direct partnership with airlines.</p>	<p>We will continue to monitor for this but believe our inherent independence within the industry and position as a provider of ancillary airport services would make us unlikely to be targeted in this way.</p>	<p>No Opportunities Present.</p>

HORIZON MAPPING AND STRESS TESTING

The general change in market dynamics post the Covid-19 pandemic has required all providers of ancillary airport services to review and adapt their product offering, commercial structures and customer engagement strategies. This has created a moment of flux in the market, and Collinson's strategy is adapting accordingly. Sustainability will be a focus of our future plans. Given this market dynamic, we currently consider short term to be the next 18 months.

Industry insight suggests that 2030 will be an important milestone in the industry. By this date, many large organisations should have significantly reduced business travel if they are to meet published targets, and the use of SAF in aviation should have reached an important tipping point. Alongside this, 2030 represents a checkpoint in the progress against the Paris Agreement commitments. Should aviation fall short of its progress metrics at this stage, it is feasible that further regulatory constraints may be imposed at this time.

Due to these reasons, we currently consider medium term to be 2030, and long term to be from 2030 to 2050 and then beyond.

At this time, our focus has been on the short term, with consideration to the medium term. We do not forecast any reduction in volumes during that timeframe but do see the possibility of sustainability related cost increases of up to a 7% across the market across a 3-to-5-year period. Given the strategic work underway, we have modelled climate related scenarios through to the end of FY26 only, factoring in a phased impact to our global costs. This modelling has highlighted the resilience in our business plan during this phase, and the need to continue working with a broad range of stakeholders across the ecosystem and value chain to find the appropriate economic balances.



Risk

At Collinson, risk management is a critical tool to assist in making the right decisions against our strategy, appropriately budget, and to minimise business uncertainty. We have adopted the 3 lines of defence model for managing risk which is implemented firstly by the operating businesses, secondly by our Enterprise Risk Management function, and finally by the Internal Audit team. Operating business risks are aggregated to identify key trends or risks which could have a significant impact on business objectives and, together with the strategic risks identified by management, form the key risk register.

Collinson maintains a Group Audit Committee and Risk Committee, attended by key Board members, that oversee business risks and controls. Our Head of Internal Audit and VP of Risk both respectively sit on these committees. Furthermore, our VP of Risk sits on ESG Management Team.

In line with our ESG strategy, we are working to embed climate related risks in our overall risk framework. The climate related risk identification process was initiated through our TCFD Steerco which includes our SVP Corporate Operations, VP Risk, Group Financial Controller, VP Procurement & ESG, and the Group Strategy Director.

A workshop was held with the TCFD Steerco and senior business division leadership members to further assess the risks, understand the potential impacts and how the business can work to mitigate. As we continue to roll out our risk framework, climate related risks will be embedded into the process and assessed in line with our risk management policy.

Our overall view is that the identified risks present limited short to medium term impact for Collinson and our current mitigation plans are adequate. As long-term risks materialise, we have appropriate measures in place to monitor and track them, and sufficient business lead time to adapt our strategy as appropriate.





Metrics

OVERVIEW

To protect against risks and to harness opportunities climate change presents to Collinson, we actively monitor tangible and sentiment-based data and insight.

Our business is volume driven, and so we keep a close watch on demand and volumes at all times. With truly global coverage in our networks, our activity monitoring allows us to review consumer travel trends across geographies and segments on a constant basis, and to deep dive on behavioural motivators through our research. Combining this with independent market review data and regular client engagement, ensures we maintain a risk monitoring approach across the medium term.

Combining both a physical asset airport experience business, and an aggregated third-party access membership programme within our operating businesses, means that we can review material cost drivers and changes through twin lenses. With sustainability at the core, we can directly see the cost impacts of operating a more sustainable airport experience and use that insight for our wider business planning.

Our metrics models allow us to gain market confidence on a time horizon longer than the time required to pivot our operating business prioritisation as required, providing overarching business resilience.



GHG REPORTING

Since 2019, we have been disclosing our Scope 1 and 2 emissions for our UK offices in line with the Greenhouse Gas Protocol's standards and the UK Government's policy on Streamlined Energy and Carbon Reporting (SECR), which requires organisations to report energy and carbon emissions in their annual report.

Through FY23 we have expanded our data capture and through this disclosure are now able to share full global Scope 1 and 2 emissions for the group. This includes both our global offices and our fully owned airport assets, consisting of 15 airport lounges located across the United States of America. We have secured historic data for FY22 as well as the more current FY23 data.

With this data now available, we will be commencing the process of setting targets for GHG emissions reduction.

We acknowledge that our primary source of carbon emissions will fall under Scope 3 categories. We currently monitor and report emissions associated with waste (Category 5) and business travel (Category 6) for our UK staff and offices. We will now be expanding our focus to further Scope 3 categories.

We maintain a large network of over 1,300 third party lounges and other airport experiences on a truly global basis. With these lounges operating outside our control, the associated Scope 3 emissions will be challenging both to capture and to reduce, however we will continue to drive market activity to manage this.

To address global business travel, we are currently in the market for an enhanced Corporate Travel Management provision that will drive positive behaviours, such as choosing lower emitting travel options, and allow full global data capture. We plan to implement the new solution by the end of Q3 FY24.

In addition to carbon emissions, we have also considered metrics associated with the environmental and social costs of building and operating sustainable airport lounges. To strengthen our business resilience in facing climate related risks, we will seek to continue to develop and quantify metrics which are relevant to our business, and which relate to climate risk mitigation.



GHG DISCLOSURES

Our GHG emissions are calculated and verified in accordance with the requirements set out in the Greenhouse Gas Protocol described below.

Metric	Description
Scope 1 emissions	Direct emissions associated with Collinson's direct operations. Our scope one data includes emissions from fuel consumption in vehicles where Collinson is responsible for the purchasing the fuel.
Scope 2 emissions	Indirect emissions from electricity consumption. This includes electricity consumption in our offices and proprietary airport lounges.
Scope 3 emissions	Indirect emissions from sources outside our direct control. Examples of Scope 3 emissions include purchased goods and services, business travel, employee commuting, and waste.

In this report, we disclose our Scope 1 and 2 emissions globally for FY22 and FY23.

	Year ended 30 April 2023 tonne CO ₂	Year ended 30 April 2022 tonne CO ₂
Scope 1		
Emissions from fuel consumption in utilities and vehicles where Collinson is responsible for the purchasing the fuel	14.324	8.076
Scope 2		
Emissions from electricity purchased for offices and proprietary airport lounges	749.592	769.354
Scope 3 (UK only)		
Waste generated in offices	3.379	3.057
Business travel	201.336	123.54
Water	1.446	0.392
Total gross CO₂e based on Global Scope 1 & 2 and Scope 3 UK Only	970.077	904.420



The disclosures above present an increase in our GHG emissions in FY23 compared with FY22. This is mainly attributed to our business recovery post the Covid-19 pandemic. Although we are still operating in a hybrid working model, we see an increase in waste generated in offices, water consumption and business travel. During FY23, restrictions were eased which led to an increase in employee travel between offices and to client sites. While we firmly believe in the value of in-person meetings, we also understand the environmental impact these can impose. We are therefore updating our travel policy and implementing a new travel management system, and in doing so are encouraging employees to choose lower emission routes when booking air travel, and to plan all business travel with a sustainable mindset.

We have also implemented an electric vehicle scheme for our UK based employees, which allows for more sustainable business and personal travel, and are educating on best practices in terms of waste avoidance and disposal throughout our offices.

The highest proportion of electricity consumption is seen in our airport lounges. This is due to long opening hours and high traffic in the airports. Operating in an airport environment is very restricted and we are limited in our ability to influence the source of electricity for our lounges. We do however install energy efficient solutions such as LED and automatic lighting in new and refurbished lounges.

In our offices, we are now assessing the options for transitioning to electricity from renewable sources across our offices globally. As a step on this journey, our new headquarters in London, which we moved to at the end of this reporting period, is powered by energy from renewable sources.

We will continue to report on the above metrics in future TCFD disclosures and shall include additional Scope 3 metrics, as well as any new disclosures that may emerge and are relevant to our business.



